



## Memorandum

To : Luciana Profaca  
Chief Deputy Director

From : Tina Watson  
Chief, Audit Services

Date : June 18, 2008

Subject : **AUDIT OF THE BUSINESS ENTERPRISES PROGRAM WET  
VENDING STAND AT THE LOS ANGELES COUNTY COURT  
HOUSE (Location #6-247)**

File No. : IVB3.74-1090

### Introduction

Audit Services conducted an audit of the January 2007 through October 2007 Monthly Operating Reports (MORs) submitted by the BEP Vendor, to the Department of Rehabilitation (DOR) for the wet vending stand operation at the Los Angeles County Court House.

The Business Enterprises Program (BEP) provides DOR consumers, who are legally blind, opportunities to be trained in the operation of cafeterias, wet vending stands, and snack bars, with the ultimate goal of becoming independent food service professionals in California. The program was created through federal legislation, the Randolph-Sheppard Act of 1936, which was enacted to provide blind persons with remunerative employment, enlarge the economic opportunities of the blind, and stimulate the blind to greater efforts in striving to make themselves self-supporting.

BEP Vendors operate their own facility and retain the profits from the facility they manage, excluding a percentage (set-aside fee) prescribed by law. This fee is placed in the Vending Facility Trust Fund, is matched with federal funds, and is then used to establish new facilities, refurbish/maintain established facilities, and pay health and dental insurance for active vendors.

State regulations require each BEP Vendor to submit a MOR for each vending location by the 25<sup>th</sup> day of the following month. The MOR is a report of operations as well as the basis for calculating fees such as set-aside fees, worker's compensation and liability insurance. BEP Vendors are required to remit these fees to the BEP program each month with their MORs. DOR also uses the MOR to assist BEP Vendors in making decisions on improving their locations, as a source for required Federal and State reports, and for the establishment of fees.

As set-aside fees are the primary source of income for the Vending Facility Trust Fund, inaccurate and unsupported MORs could result in underpayment of fees which limits the amount of program funds eligible for matching federal funding and for use by the program.

### **Background**

The BEP Vendor began operating the BEP wet vending stand facility located at the Los Angeles County Court House in October 1984. It is a small snack bar facility consisting of approximately 298 square feet of space with minimal storage for merchandise. Although the location is small, it was a top contributor of set aside fees to the Vending Facility Trust Fund for its location type in 2007. Over the past 24 years, the BEP Vendor has strived to provide excellent customer service. He is well-organized, liked by the building management and patrons, and has been acknowledged for his quality service at the location.

### **Scope**

Audit fieldwork was conducted in February 2008. The audit was conducted in accordance with Government Auditing Standards for fiscal compliance as defined by the Government Accountability Office, except Standard 3.52 requiring an external peer review. These standards require that we plan and perform the audit to obtain reasonable assurance that the MORs were submitted in compliance with the Vendor's Monthly Operating Report Instructions - Rev. 02/00 (MOR Instructions) and applicable State and Federal regulations in effect during the audit period.

An audit includes examining, on a sample basis, evidence supporting the information on the MORs. Our audit also included a limited review of the internal controls as they relate directly to our audit of the MORs through use of accounting system and internal control questionnaires and interviews with the BEP Vendor.

### **Criteria**

In accordance with the California Code of Regulations (CCR), Title 9, Section 7220(a), and the MOR Instructions, the BEP Vendor is responsible for managing and operating the vending facility.

CCR, Title 9, Section 7220(j), requires the BEP Vendor to maintain records on the operation of the facility for the current year plus the three preceding years. It further specifies that upon written request, books of accurate account and records pertaining to a vending facility operation shall be made available for examination and audit by DOR at any reasonable time and place.

The MOR Instructions state that the Vendor must sign and date the report. The vendor's signature on the report signifies the report and attachments are a correct statement of the operation of the vendor's facility and contain only valid financial information for the location. Willful falsification of the report is legal cause for revocation of the vendor's license. The BEP Vendor is responsible for the completeness, accuracy, and submission of the report with an acceptable check or money order.

### **Findings**

For the audit period of January 2007 through October 2007, the BEP Vendor submitted timely MORs and remitted an average of \$2,500 a month in set aside fees to the Vending Facility Trust Fund. However, during our review of the MORs and the BEP Vendor's records, we identified areas of non-compliance with regulations and the MOR instructions, and some weaknesses in internal controls and recordkeeping practices. These deficiencies resulted in inaccurate and/or unsupported reporting on the MORs, and underreporting of fees in the amount of \$322 to the Vending Facility Trust Fund and \$38 for Liability Insurance.

Refer to the Details to Findings (**Appendix I**) for specific details in the following areas:

- Gross Receipts/Sales Tax
- Inventory/Cost of Goods Sold
- Payroll Expenditures
- Operating Expenses

### **Recommendations**

The BEP Vendor must comply with applicable regulations and MOR instructions. The BEP Vendor shall correct the deficiencies identified and implement the recommendations presented in the Details to Findings (**Appendix I**) of this report in order to strengthen controls over the operation, improve recordkeeping practices, and ensure accuracy of the MORs and fees submitted to DOR.

The BEP Vendor shall remit \$360 for the underreporting of fees and liability insurance to the DOR Accounting Section.

## **BEP Vendor's Response**

The BEP Vendor's response to the audit findings was received on June 2, 2008 and the responses are incorporated in **(Appendix I)**.

## **Auditor Comment to BEP Vendor's Response**

We acknowledge that the BEP Vendor indicated he will be implementing actions to correct the findings. The BEP Vendor stated that he wasn't notified of some regulatory requirements for the MORs, such as retaining the monthly summary of sales report. It is each BEP Vendor's responsibility to understand the regulations and requirements of the program. If the BEP Vendor is uncertain about recordkeeping and program requirements, we suggest the BEP Vendor contact his BEC to discuss the requirements.

## **Corrective Action and Follow-Up**

1. The BEP Vendor shall develop a corrective action plan in consultation with BEP to correct the findings identified in this report. The BEP Vendor must submit the plan to Audit Services by July 18, 2008, Attn: Kerry Gantt with a copy to the BEP Program Administrator.
2. BEP shall review one MOR by comparing the information reported on the MOR to the BEP Vendor's supporting records to ensure accuracy of the MOR and correction of the audit findings. BEP shall submit a follow-up report to Audit Services, Attn: Kerry Gantt, by September 19, 2008. The follow-up report should address each audit finding/recommendation separately; include the specific review procedures conducted by BEP; and identify whether the finding has been corrected.

The findings/recommendations in this report have been discussed with the BEP Vendor and the BEC. We appreciate their assistance with our audit.

The audit was conducted by David Kwan and Desiree Sample, DOR Auditors, under the supervision of Kerry Gantt, DOR Audit Supervisor.

**BEP VENDOR**  
**Business Enterprises Program – Location #6-247**  
**Los Angeles County Court House**

**Details to Findings**

Audit Services has conducted an audit of the MORs submitted by the BEP Vendor for the wet vending stand operation at the Los Angeles County Court House, for the period of January 2007 through October 2007. Specifically, the MOR for the month of June 2007 was selected for detailed review.

During our review, we identified areas of non-compliance with regulations and the MOR instructions, and some weaknesses in internal controls and recordkeeping practices. These deficiencies resulted in inaccurate and/or unsupported reporting on the MORs in the following areas: Gross Receipts/Sales Tax, Inventory/Cost of Goods Sold, Payroll Expenditures, and Operating Expenses. As this BEP Vendor pays fees to the Vending Facility Trust Fund based on a percentage of Net Sales, rather than the fee schedule, audit adjustments to payroll and operating expenses have no impact on the fees due.

**Gross Receipts/Sales Tax**

1. The BEP Vendor failed to retain the monthly summary of sales report as required by regulations.

CCR, Title 9, Section 7220(j)(3) requires the BEP Vendor to maintain records on the operation of the facility for the current year plus three preceding years including a sales register (monthly summary of sales and other income).

Although the BEP Vendor prepared a monthly summary of sales report utilizing the cash register “Z report tapes” for the audit period, he discarded the summaries at the end of the 2007 calendar year. The BEP Vendor stated that he didn’t know he needed to maintain these records for a longer period of time since no one had ever inquired about this documentation. In addition, he retains the cash register “Z report tapes” which are the source documents.

Without a monthly summary of sales report to summarize sales for the month, gross receipts reported on the MOR may be inaccurately reported

and inadequately supported. Inaccurate reporting of gross receipts could result in an under payment of fees to the Vending Facility Trust Fund.

Good business practices require documentation such as a monthly summary of sales report to ensure cash is controlled and reconciled to the sales transactions on the "Z" report tapes. It also provides a good tool to monitor the location's operations.

### **Recommendation**

The BEP Vendor shall retain the monthly summary of sales report, to support gross receipts reported on the MORs, for the current year plus three preceding years as required by regulations.

### **BEP Vendor's Response**

I was not notified of the requirement for the MOR, yet I kept monthly records including the "Profit and Loss" statement which detailed tax payments, payroll, invoices, and all of the information found on the MOR. Additionally, I had all the cash register tapes for the past 5 years. The Profit & Loss statements are prepared by my bookkeeper based on monthly reports, which I showed to the auditors (copies provided) which contain the same information as the MOR.

2. Due to transposition errors made by the BEP Vendor, Gross Receipts for January 2007 through October 2007 were underreported by \$5,378 which impacted net sales and resulted in an underpayment of \$322 in fees to the Vending Facility Trust Fund and \$38 to DOR for Liability Insurance (**Exhibit A, Schedules 1-10**).

We verified gross receipts and sales tax reported on the MORs utilizing the cash register "Z" tapes due to the fact that the BEP Vendor had discarded the monthly summary of sales reports as identified in Finding 1. Gross receipts reported on the January through October 2007 MORs totaled \$426,577; however, the amount supported by the cash register "Z tapes" was \$431,955. As such, Gross Receipts were underreported by \$5,378.

Sales tax reported on the January through October 2007 MORs totaled \$6,199. However, the amount supported by the cash register "Z tapes" was \$6,232. Specifically, sales tax was incorrectly reported on the February, September, and October 2007 MORs resulting in a net underreporting of \$33 (**Exhibit A, Schedules 2, 9, and 10**). Sales tax may have also been underreported to BOE. If sales tax is collected on sales transactions and not reported and remitted to BOE, it may result in penalties or administrative action by BOE.

The BEP Vendor stated that the discrepancy was most likely caused by miss reads when he transferred amounts from the cash register "Z" tapes to the monthly summary of sales report which he utilized to report gross receipts and sales tax on the MOR. The BEP Vendor explained that it is sometimes difficult on his eyes when he looks at the small print on the "Z" tapes.

The MOR Instructions state that the BEP Vendor is responsible for the completeness and accuracy of the report.

### **Recommendation**

The BEP Vendor shall ensure gross receipts and sales tax reported on the MOR is accurate. Further, the BEP Vendor shall ensure sales tax is accurately reported and remitted to the BOE.

### **BEP Vendor's Response**

Gross receipts and sales tax reporting is currently accurately reported and remitted. The minor difference due to misreads of the tape has been corrected.

3. The BEP Vendor does not complete daily cash reports to support the cash count and reconcile sales as required by regulations. In addition, although the BEP Vendor documents cash paid-outs from the registers, he discards the documentation after the cash counts are reconciled.

CCR, Title 9, Section 7220(j)(4) requires the BEP Vendor to maintain records on the operation of the facility for the current year plus three preceding years including daily cash reports (cash count forms).

The BEP Vendor stated that he reconciles the cash registers on a daily basis; however, he does not document the reconciliations nor the cash overages/shortages. He explained that the cash registers usually reconcile and any differences are minimal and typically balance out at the end of the month. However, if cash overages/shortages are not documented; the BEP Vendor may not be able to readily identify unexplained cash overages or shortages. In addition, gross receipts and operating expenses may be inaccurately reported on the MOR if cash overages and shortages are not identified and documented.

Good business practices require documentation such as a daily cash report to ensure cash is controlled and reconciled to the amount of sales transactions ("Z" report tapes); and to ensure cash overages/shortages are identified and monitored.

### **Recommendation**

The BEP Vendor shall prepare and retain daily cash reports as required by regulations to ensure cash is appropriately controlled and sales are accurately reported.

### **BEP Vendor's Response**

Daily cash reports (showing cash paid outs) are prepared and have been done by myself since I've been in business. I've kept them until the Profit & Loss statement was completed and then discarded them. I was not aware nor was I informed, until this audit, that I must retain these daily reports. Currently, I am storing these daily cash reports and will keep them for 5 years.

### **Inventory/Costs of Goods Sold**

4. Although the BEP Vendor conducted the required physical inventory, he failed to report the actual inventory on the June 2007 MOR as required by the MOR Instructions. As a result, closing merchandise inventory was understated by \$1,311 (**Exhibit A, Schedule 6**).

The Closing Merchandise Inventory amount reported on the MOR for June 2007 was \$3,500. This amount was not substantiated by the physical inventory conducted on June 30, 2007 which indicated that inventory was \$4,811.

CCR, Title 9, Section 7220(k) requires the vendor to take and report the physical inventory of the merchandise and supplies twice annually for the periods ending June 30 and December 31 and at such other times as the BEP may require.

The Vendor's Monthly Operating Report Instructions state for Line 7 – Closing Merchandise Inventory, enter the total amount of the closing merchandise inventory for the report month in the "Itemized Amount" Column. Amounts shown as inventories must be actual at least twice annually, June 30 and December 31.

The BEP Vendor did not report the dollar amount supported by the physical inventory on the June 2007 MOR because he believed that conducting the inventory semi-annually and maintaining the supporting documentation satisfied the requirement. Also, the BEP Vendor stated that since storage space is limited, inventory remains fairly consistent.

### **Recommendation**

The BEP Vendor shall report the actual dollar value supported by the physical inventory conducted on June 30 and December 31 as the amount of Closing Merchandise Inventory on the MOR as required by the MOR Instructions.

### **BEP Vendor's Response**

Inventory practices have changed since the audit to comply with the recommendations. Of note, I presented documentation of inventory to the auditors which clearly stated the physical inventory.

### **Payroll Expenditures**

5. Wages paid to employees and reported on the MOR were not supported by timesheets because the BEP Vendor did not require employees to prepare timesheets in accordance federal labor regulations. Without timesheets, the BEP Vendor cannot ensure employees have been properly paid which could result in an over or underpayment of wages and inaccurate reporting on the MOR.

29 Code of Federal Regulations (CFR) 516.2(a)(7) states that every employer shall maintain and preserve payroll or other records containing each employees hours worked each workday and total hours worked each workweek. In addition, CCR, Title 9, Section 7220(j)(16) requires the BEP Vendor to maintain records on the operation of the facility for the current year plus three preceding years including employee timecards or timesheets.

The BEP Vendor stated that his three employees typically work a standard 40 hour workweek and don't take much time off. Also, if they work less hours, he allows them to make up the hours. He provides wage statements (payroll recap sheets) to the employees when they are paid and he believed this was sufficient. He was not aware of the need to maintain employee timesheets.

### **Recommendation**

The BEP Vendor ensure employee timesheets are prepared and retained in accordance with regulations. The BEP Vendor consider utilizing the existing payroll recap sheet to track hours worked since it already includes columns for dates worked, time in and out, and daily totals.

## **BEP Vendor's Response**

Timesheets have been implemented and will be retained according to regulations.

6. The payroll taxes reported on the MORs for January through October 2007 were based on estimates rather than actual costs resulting in a net overstatement of \$1,423 (**Exhibit A, Schedules 1-10**).

The overstatement occurred because the BEP Vendor's bookkeeper reported payroll taxes on the MOR based on a percentage of gross wages rather than actual payroll expenses incurred. The bookkeeper stated that the percentage used to report the payroll tax (approximately 13%) was based on an estimate used by the previous bookkeeper. Use of the estimated percentage resulted in an overstatement because it did not take into consideration the taxable wage limits applicable to certain payroll taxes. In addition, we found that the bookkeeper does prepare a monthly payroll summary which calculates the actual payroll taxes; however, this information was not used to prepare the MOR nor provided to the BEP Vendor for his records.

Even though the BEP Vendor hires a bookkeeper to prepare the MORs, the BEP Vendor is still responsible for the accurate reporting of amounts on the MORs. Over or understatements of payroll taxes could impact the BEP Vendor's profit from operations and the calculation of the set aside fee.

The Vendor's Monthly Operating Report Instructions state for Line 12 - Payroll Taxes to enter the total amount of employer's payroll taxes for the report month in the "Itemized Amt." Column. This includes State Unemployment Insurance (SUI), Federal Unemployment Insurance (FUTA) and the employer's share of Federal Insurance Contributions (FICA). Taxes must be paid and withheld on wages paid to spouse or family members as required by law.

CCR, Title 9, Section 7220(j)(15) requires the BEP Vendor to maintain records on the operation of the facility for the current year plus three preceding years including a payroll register (compensation records).

## **Recommendation**

The BEP Vendor ensure payroll taxes reported on the MOR are based on actual payroll expenses incurred rather than an estimate. In addition, the BEP Vendor obtain a copy of the bookkeeper's payroll summary each month

to support the payroll costs reported on the MOR and retain the payroll records as required by regulations.

### **BEP Vendor's Response**

We (the bookkeeper and myself) have discussed and corrected this matter. Payroll records are accurately prepared and retained.

### **Operating Expenses**

7. Rent/Utilities was incorrectly reported on the June 2007 MOR. As a result, an audit adjustment was made to correctly report the expenditure (**Exhibit A, Schedule 6**).

- a. The County of Los Angeles has been overbilling the BEP Vendor for utilities expense for his location. As a result, the utilities expense reported on the June 2007 MOR was overstated by \$51.80.

The BEP Vendor was invoiced and paid \$135.24 to the County of Los Angeles, and reported the same amount for utilities on the MOR. However, the Master License Agreement for the Operation of Vending Facilities in County Buildings as Business Enterprises for the Blind (Master Permit) stated the monthly utilities charge is \$.28 per square foot. The Master Permit, indicated that the wet vending stand location occupies 298 square feet with a monthly utility charge of \$83.44. It appears that the L. A. County mistakenly billed the Vendor for another occupant's space that occupies 483 square feet (County Courthouse Room 436) with a monthly utility charge of \$135.24. The BEP Vendor was unaware of the billing error.

- b. The Rent Expense paid to the County of Los Angeles for June 2007 was calculated incorrectly as a result of the error in reporting of Gross Receipts identified in Finding 2. The rent is calculated at 8.88% of gross sales (less sales tax) as indicated in the Master Permit. The BEP Vendor reported sales at \$41,797, but audited sales totaled \$42,082. Rent in the amount of \$3,711.57 was paid based on the reported sales, but should have been \$3,736.88 based on actual sales (less sales tax) supported by the cash register "Z" tapes. As a result, the rent expense reported on the June 2007 MOR was understated by \$25.31.

### **Recommendation**

The BEP Vendor contact the County of Los Angeles to resolve billing errors pertaining to rent and utility expenses for his location. Rent expense should

be calculated using accurate sales amounts; and utilities expense should be accurately supported based on the amounts specified in the Master Permit.

8. Operating expenditures reported on the January through October 2007 MORs were not adequately supported or could not be verified.
  - a. The BEP Vendor accidentally reported a duplicate telephone expense, in error, on the June 2007 MOR resulting in an overstatement of \$40.02. As a result, an audit adjustment was made to correctly report the expenditure **(Exhibit A, Schedule 6)**.

Supporting documents, including the telephone invoices and bank statements, indicate that this expense was incurred in May 2007. The BEP Vendor reported this expense on the May 2007 MOR; however, he inadvertently also included it on the June 2007 MOR.

- b. The BEP Vendor did not have a formal contract for janitorial services totaling \$600 (\$60 per month) for January through October 2007, as required by the MOR Instructions. As a result, an audit adjustment was made for the unsupported expense **(Exhibit A, Schedules 1-10)**.

The Vendor's Monthly Operating Report Instructions state for Line 19 to enter the total amount expended for laundry services and for contracted janitorial services for the report month in the "Itemized Amount" column.

The BEP Vendor explained that he paid cash to an individual who provided janitorial services in other areas of the courthouse to clean his location. The BEP Vendor stated that he is no longer receiving the service.

- c. The BEP Vendor reported unsupported depreciation expense totaling \$1,000 (\$100 per month), on the January through October 2007 MORs, for an alarm system purchased by the BEP Vendor approximately ten years ago for \$10,000. As a result, an audit adjustment was made for the unsupported expense **(Exhibit A, Schedules 1-10)**.

According to the BEP Vendor, the BEP would not purchase the alarm system for his location (at the County Courthouse) but advised him that he could report depreciation of \$100 per month as an operating expense on the MOR. The BEP Vendor did not have any documentation to support the method for calculation of the depreciation expense or the duration for reporting the expense on the MOR. Further, the BEP Vendor claimed depreciation beyond the original cost of the equipment (10 years

at \$1,200 per year = \$12,000) and would have continued to inappropriately report the depreciation expense on future MORs.

Although the MOR Instructions in place at the time the alarm system was purchased are no longer available, the current MOR Instructions allow for equipment costing \$240 or more to be amortized monthly at the rate of  $1/24^{\text{th}}$  of the equipment cost.

CCR, Title 9, Section 7220(j)(21) requires the BEP Vendor to maintain records on the operation of the facility for the current year plus three preceding years including records on other operating expenditures.

### **Recommendation**

The BEP Vendor shall maintain all records that support operating expenses and only report amounts on the MOR that are supported. The BEP Vendor shall also review the MOR Instructions in order to accurately identify and correctly report operating expenses on the MOR. In the future, the BEP Vendor should obtain written approval from the BEC for any uncommon expense and retain that documentation for as long as the expense is being reported on the MOR plus three years.

### **BEP Vendor's Response**

For the janitorial services and depreciation of the alarm system, I was instructed by the BEP years ago to do it that way. Since the audit, I have made corrections based on the recommendations. Also, I maintain records for 5 years time. An adjustment in rent and utilities plus reimbursement for overpayment will be requested after the state takes over the county courts. This is now in process.

Exhibit A

**Schedule of (Over)/Under Payment  
January 2007 through October 2007  
BEP Vendor - Location #6-247**

<u>Month</u>	<u>Reference</u>	Vending Facility Trust Fund <u>Fees</u>	Liability Insurance <u>Fees</u>	<u>Total</u>	<u>Sales Tax</u>
Jan-07	Exhibit A, Schedule 1	\$6	\$0	\$6	\$0
Feb-07	Exhibit A, Schedule 2	\$45	\$6	\$51	\$6
Mar-07	Exhibit A, Schedule 3	\$35	\$4	\$39	\$0
Apr-07	Exhibit A, Schedule 4	\$31	\$4	\$35	\$0
May-07	Exhibit A, Schedule 5	\$16	\$1	\$17	\$0
Jun-07	Exhibit A, Schedule 6	\$17	\$2	\$19	\$0
Jul-07	Exhibit A, Schedule 7	\$19	\$2	\$21	\$0
Aug-07	Exhibit A, Schedule 8	\$18	\$2	\$20	\$0
Sep-07	Exhibit A, Schedule 9	\$123	\$15	\$138	(\$3)
Oct-07	Exhibit A, Schedule 10	<u>\$12</u>	<u>\$2</u>	<u>\$14</u>	<u>\$30</u>
<b>Total Under Payment</b>		<u><u>\$322</u></u>	<u><u>\$38</u></u>	<u><u>\$360</u></u>	<u><u>\$33</u></u>

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: January, 2007

Description		*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1	Gross Receipts (incl. Sales tax)	\$39,757.00	\$103	\$39,860
2	States Sales Tax	\$595.00	\$0	\$595
3	<b>Net Sales (line 1 less line 2)</b>	<b>\$39,162.00</b>	<b>\$103</b>	<b>\$39,265</b>
4	Opening Merchandise Inventory	\$3,500.00	\$0	\$3,500
5	MERCHANDISE PURCHASES	\$18,671.00	\$0	\$18,671
6	Merchandise Available for Sale (add lines 4 + 5)	\$22,171.00	\$0	\$22,171
7	Closing Merchandise Inventory	\$3,500.00	\$0	\$3,500
8	<b>Cost of Goods Sold (line 6 less line 7)</b>	<b>\$18,671.00</b>	<b>\$0</b>	<b>\$18,671</b>
9	Blind Employee Wages (# of employees)		\$0	\$0
10	Disabled Employee Wages (# of Employees)		\$0	\$0
11	Other Employee Wages (# of Employees)	\$4,480.00	\$0	\$4,480
12	Payroll Taxes	\$624.00	(\$8)	\$616
13	Workers Comp. Insurance - * must match line 43 (trainee hours)	\$308.00	(\$0)	\$308
14	Employee Benefits	\$267.00	\$0	\$267
15	<b>Total Payroll Expenses (add lines 9 thru 14)</b>	<b>\$5,679.00</b>	<b>(\$8)</b>	<b>\$5,671</b>
16	Rent/Utilities	\$3,613.00	\$0	\$3,613
17	Telephone	\$194.00	\$0	\$194
18	Liability Insurance - * must match line 44	\$308.00	\$0	\$308
19	Laundry/Janitorial Services	\$60.00	(\$60)	\$0
20	Supplies	\$72.00	\$0	\$72
21	Accounting Services	\$140.00	\$0	\$140
22	Pest Control/Trash Disposal	\$34.00	\$0	\$34
23	Other Expenses (itemize)	\$218.00	(\$100)	\$118
24-6	(bank charges/merchant services and alarm system)			
27	<b>Total Operating Expenses (add lines 16 thru 26)</b>	<b>\$4,639.00</b>	<b>(\$212)</b>	<b>\$4,479</b>
28	<b>Total Expenses (add lines 8 + 15 + 27)</b>	<b>\$28,989.00</b>	<b>(\$220)</b>	<b>\$28,821</b>
29	<b>Profit from Operations (line 3 less line 28)</b>	<b>\$10,173.00</b>	<b>\$323</b>	<b>\$10,444</b>
30	Subsidies and Training Revenue		\$0	\$0
31	Vending Machine Commissions		\$0	\$0
32	Income from Services		\$0	\$0
33	<b>Total Other Income (add lines 30 thru 32)</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0</b>
34	<b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	<b>\$10,173.00</b>	<b>\$323</b>	<b>\$10,444</b>
35	Fee from Fee Schedule (use line 34)	\$4,985.00	\$40	\$5,025
36	Maximum Fee (lines 3 + 33 =\$ 0.00 X 6%)	\$2,349.72	\$6	\$2,356
37	Fee without Disabled Credit (lesser of line 35 or 36)	\$2,350.00	\$6	\$2,356
38	Adjustment for Disabled Credit (10% of line 9 + 10)	\$0.00	\$0	\$0
39	Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,350.00	\$6	\$2,356
40	<b>Net Income (line 34 less 39)</b>	<b>\$7,823.00</b>	<b>\$317</b>	<b>\$8,088</b>
41	Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 6.88</b>	\$308.00	(\$0)	\$308
42	Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43	Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$308.00	(\$0)	\$308
44	Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$308.00	\$0	\$308
45	<b>Total Remitted</b>	<b>\$2,966.00</b>	<b><u>\$6</u></b>	<b><u>\$2,972</u></b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: February, 2007

Description	*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1 Gross Receipts (incl. Sales tax)	\$36,416	\$751	\$37,167
2 States Sales Tax	\$551	\$6	\$557
3 <b>Net Sales (line 1 less line 2)</b>	\$35,865	<b>\$745</b>	<b>\$36,610</b>
4 Opening Merchandise Inventory	\$3,500	\$0	\$3,500
5 MERCHANDISE PURCHASES	\$16,944	\$0	\$16,944
6 Merchandise Available for Sale (add lines 4 + 5)	\$20,444	\$0	\$20,444
7 Closing Merchandise Inventory	\$3,500	\$0	\$3,500
8 <b>Cost of Goods Sold (line 6 less line 7)</b>	\$16,944	<b>\$0</b>	<b>\$16,944</b>
9 Blind Employee Wages (# of employees)		\$0	\$0
10 Disabled Employee Wages (# of Employees)		\$0	\$0
11 Other Employee Wages (# of Employees)	\$4,480	\$0	\$4,480
12 Payroll Taxes	\$624	(\$8)	\$616
13 Workers Comp. Insurance - * must match line 43 (trainee hours)	\$308	\$0	\$308
14 Employee Benefits	\$267	\$0	\$267
15 <b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$5,679	<b>(\$8)</b>	<b>\$5,671</b>
16 Rent/Utilities	\$3,362	\$0	\$3,362
17 Telephone	\$155	\$0	\$155
18 Liability Insurance - * must match line 44	\$283	\$6	\$289
19 Laundry/Janitorial Services	\$60	(\$60)	\$0
20 Supplies	\$0	\$0	\$0
21 Accounting Services	\$140	\$0	\$140
22 Pest Control/Trash Disposal	\$34	\$0	\$34
23 Other Expenses (itemize)	\$241	(\$100)	\$141
24-6 (bank charges/merchant services and alarm system)			
27 <b>Total Operating Expenses (add lines 16 thru 26)</b>	\$4,233	<b>(\$154)</b>	<b>\$4,121</b>
28 <b>Total Expenses (add lines 8 + 15 + 27)</b>	\$26,856	<b>(\$162)</b>	<b>\$26,736</b>
29 <b>Profit from Operations (line 3 less line 28)</b>	\$9,009	<b>\$907</b>	<b>\$9,874</b>
30 Subsidies and Training Revenue		\$0	\$0
31 Vending Machine Commissions		\$0	\$0
32 Income from Services		\$0	\$0
33 <b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34 <b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$9,009	<b>\$907</b>	<b>\$9,874</b>
35 Fee from Fee Schedule (use line 34)	\$4,414	\$317	\$4,731
36 Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,152	\$45	\$2,197
37 Fee without Disabled Credit (lesser of line 35 or 36)	\$2,152	\$45	\$2,197
38 Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39 Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,152	\$45	\$2,197
40 <b>Net Income (line 34 less 39)</b>	\$6,857	<b>\$862</b>	<b>\$7,677</b>
41 Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 6.88</b>	\$308	\$0	\$308
42 Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43 Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$308	\$0	\$308
44 Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$283	\$6	\$289
45 <b>Total Remitted</b>	\$2,743	<b>\$51</b>	<b>\$2,794</b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: March, 2007

Description	*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1 Gross Receipts (incl. Sales tax)	\$45,163	\$585	\$45,748
2 States Sales Tax	\$649	\$0	\$649
3 <b>Net Sales (line 1 less line 2)</b>	\$44,514	<b>\$585</b>	<b>\$45,099</b>
4 Opening Merchandise Inventory	\$3,500	\$0	\$3,500
5 MERCHANDISE PURCHASES	\$20,602	\$0	\$20,602
6 Merchandise Available for Sale (add lines 4 + 5)	\$24,102	\$0	\$24,102
7 Closing Merchandise Inventory	\$3,500	\$0	\$3,500
8 <b>Cost of Goods Sold (line 6 less line 7)</b>	\$20,602	<b>\$0</b>	<b>\$20,602</b>
9 Blind Employee Wages (# of employees)		\$0	\$0
10 Disabled Employee Wages (# of Employees)		\$0	\$0
11 Other Employee Wages (# of Employees)	\$5,600	\$0	\$5,600
12 Payroll Taxes	\$740	\$30	\$770
13 Workers Comp. Insurance - * must match line 43 (trainee hours)	\$385	\$0	\$385
14 Employee Benefits	\$840	\$0	\$840
15 <b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$7,565	<b>\$30</b>	<b>\$7,595</b>
16 Rent/Utilities	\$4,088	\$0	\$4,088
17 Telephone	\$154	\$0	\$154
18 Liability Insurance - * must match line 44	\$347	\$4	\$351
19 Laundry/Janitorial Services	\$65	(\$65)	\$0
20 Supplies	\$0	\$0	\$0
21 Accounting Services	\$140	\$0	\$140
22 Pest Control/Trash Disposal	\$34	\$0	\$34
23 Other Expenses (itemize)	\$262	(\$100)	\$162
24-6 (bank charges/merchant services and alarm system)			
27 <b>Total Operating Expenses (add lines 16 thru 26)</b>	\$5,090	<b>(\$161)</b>	<b>\$4,929</b>
28 <b>Total Expenses (add lines 8 + 15 + 27)</b>	\$33,257	<b>(\$130)</b>	<b>\$33,127</b>
29 <b>Profit from Operations (line 3 less line 28)</b>	\$11,257	<b>\$715</b>	<b>\$11,972</b>
30 Subsidies and Training Revenue		\$0	\$0
31 Vending Machine Commissions		\$0	\$0
32 Income from Services		\$0	\$0
33 <b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34 <b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$11,257	<b>\$715</b>	<b>\$11,972</b>
35 Fee from Fee Schedule (use line 34)	\$5,516	\$210	\$5,726
36 Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,671	\$35	\$2,706
37 Fee without Disabled Credit (lesser of line 35 or 36)	\$2,671	\$35	\$2,706
38 Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39 Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,671	\$35	\$2,706
40 <b>Net Income (line 34 less 39)</b>	\$8,586	<b>\$680</b>	<b>\$9,266</b>
41 Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 6.88</b>	\$385	\$0	\$385
42 Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43 Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$385	\$0	\$385
44 Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$347	\$4	\$351
45 <b>Total Remitted</b>	\$3,403	<b>\$39</b>	<b>\$3,443</b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: April, 2007

Description	*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1 Gross Receipts (incl. Sales tax)	\$43,627	\$513	\$44,140
2 States Sales Tax	\$639	\$0	\$639
3 <b>Net Sales (line 1 less line 2)</b>	\$42,988	<b>\$513</b>	<b>\$43,501</b>
4 Opening Merchandise Inventory	\$3,500	\$0	\$3,500
5 MERCHANDISE PURCHASES	\$19,801	\$0	\$19,801
6 Merchandise Available for Sale (add lines 4 + 5)	\$23,301	\$0	\$23,301
7 Closing Merchandise Inventory	\$3,500	\$0	\$3,500
8 <b>Cost of Goods Sold (line 6 less line 7)</b>	\$19,801	<b>\$0</b>	<b>\$19,801</b>
9 Blind Employee Wages (# of employees)		\$0	\$0
10 Disabled Employee Wages (# of Employees)		\$0	\$0
11 Other Employee Wages (# of Employees)	\$4,480	\$0	\$4,480
12 Payroll Taxes	\$592	(\$16)	\$576
13 Workers Comp. Insurance - * must match line 43 (trainee hours)	\$308	\$0	\$308
14 Employee Benefits	\$438	\$0	\$438
15 <b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$5,818	<b>(\$16)</b>	<b>\$5,802</b>
16 Rent/Utilities	\$3,953	\$0	\$3,953
17 Telephone	\$158	\$0	\$158
18 Liability Insurance - * must match line 44	\$336	\$0	\$336
19 Laundry/Janitorial Services	\$60	(\$60)	\$0
20 Supplies	\$0	\$0	\$0
21 Accounting Services	\$140	\$0	\$140
22 Pest Control/Trash Disposal	\$34	\$0	\$34
23 Other Expenses (itemize)	\$262	(\$100)	\$162
24-6 (bank charges/merchant services and alarm system)			
27 <b>Total Operating Expenses (add lines 16 thru 26)</b>	\$4,943	<b>(\$160)</b>	<b>\$4,783</b>
28 <b>Total Expenses (add lines 8 + 15 + 27)</b>	\$30,562	<b>(\$176)</b>	<b>\$30,386</b>
29 <b>Profit from Operations (line 3 less line 28)</b>	\$12,426	<b>\$689</b>	<b>\$13,115</b>
30 Subsidies and Training Revenue		\$0	\$0
31 Vending Machine Commissions		\$0	\$0
32 Income from Services		\$0	\$0
33 <b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34 <b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$12,426	<b>\$689</b>	<b>\$13,115</b>
35 Fee from Fee Schedule (use line 34)	\$6,089	\$277	\$6,366
36 Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,579	\$31	\$2,610
37 Fee without Disabled Credit (lesser of line 35 or 36)	\$2,579	\$31	\$2,610
38 Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39 Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,579	\$31	\$2,610
40 <b>Net Income (line 34 less 39)</b>	\$9,847	<b>\$658</b>	<b>\$10,505</b>
41 Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 6.88</b>	\$308	\$0	\$308
42 Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43 Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$308	\$0	\$308
44 Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$336	\$4	\$340
45 <b>Total Remitted</b>	\$3,223	<b>\$35</b>	<b>\$3,258</b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: May, 2007

Description	*MOR(BEF)	Audit Adjustment	Audited Amount
	581AA/ 583AA		
1 Gross Receipts (incl. Sales tax)	\$43,755	\$254	\$44,009
2 States Sales Tax	\$649	\$0	\$649
3 <b>Net Sales (line 1 less line 2)</b>	\$43,106	<b>\$254</b>	<b>\$43,360</b>
4 Opening Merchandise Inventory	\$3,500	\$0	\$3,500
5 MERCHANDISE PURCHASES	\$20,157	\$0	\$20,157
6 Merchandise Available for Sale (add lines 4 + 5)	\$23,657	\$0	\$23,657
7 Closing Merchandise Inventory	\$3,500	\$0	\$3,500
8 <b>Cost of Goods Sold (line 6 less line 7)</b>	\$20,157	<b>\$0</b>	<b>\$20,157</b>
9 Blind Employee Wages (# of employees)		\$0	\$0
10 Disabled Employee Wages (# of Employees)		\$0	\$0
11 Other Employee Wages (# of Employees)	\$4,480	\$0	\$4,480
12 Payroll Taxes	\$592	\$3	\$595
13 Workers Comp. Insurance - * must match line 43 (trainee hours)	\$308	\$0	\$308
14 Employee Benefits	\$438	\$0	\$438
15 <b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$5,818	<b>\$3</b>	<b>\$5,821</b>
16 Rent/Utilities	\$3,963	\$0	\$3,963
17 Telephone	\$221	\$0	\$221
18 Liability Insurance - * must match line 44	\$337	\$1	\$338
19 Laundry/Janitorial Services	\$60	(\$60)	\$0
20 Supplies	\$0	\$0	\$0
21 Accounting Services	\$140	\$0	\$140
22 Pest Control/Trash Disposal	\$34	\$0	\$34
23 Other Expenses (itemize)	\$424	(\$100)	\$324
24-6 (bank charges/merchant services and alarm system)			
27 <b>Total Operating Expenses (add lines 16 thru 26)</b>	\$5,179	<b>(\$159)</b>	<b>\$5,020</b>
28 <b>Total Expenses (add lines 8 + 15 + 27)</b>	\$31,154	<b>(\$155)</b>	<b>\$30,999</b>
29 <b>Profit from Operations (line 3 less line 28)</b>	\$11,952	<b>\$409</b>	<b>\$12,361</b>
30 Subsidies and Training Revenue		\$0	\$0
31 Vending Machine Commissions		\$0	\$0
32 Income from Services		\$0	\$0
33 <b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34 <b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$11,952	<b>\$409</b>	<b>\$12,361</b>
35 Fee from Fee Schedule (use line 34)	\$5,856	\$103	\$5,959
36 Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,586	\$16	\$2,602
37 Fee without Disabled Credit (lesser of line 35 or 36)	\$2,586	\$16	\$2,602
38 Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39 Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,586	\$16	\$2,602
40 <b>Net Income (line 34 less 39)</b>	\$9,366	<b>\$393</b>	<b>\$9,759</b>
41 Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 6.88</b>	\$308	\$0	\$308
42 Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43 Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$308	\$0	\$308
44 Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$337	\$1	\$338
45 <b>Total Remitted</b>	\$3,231	<b>\$17</b>	<b>\$3,249</b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: June, 2007

Description	*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1 Gross Receipts (incl. Sales tax)	\$42,436	\$285	\$42,721
2 States Sales Tax	\$639	\$0	\$639
3 <b>Net Sales (line 1 less line 2)</b>	\$41,797	<b>\$285</b>	<b>\$42,082</b>
4 Opening Merchandise Inventory	\$3,500	\$0	\$3,500
5 MERCHANDISE PURCHASES	\$17,601	\$0	\$17,601
6 Merchandise Available for Sale (add lines 4 + 5)	\$21,101	\$0	\$21,101
7 Closing Merchandise Inventory	\$3,500	\$1,311	\$4,811
8 <b>Cost of Goods Sold (line 6 less line 7)</b>	\$17,601	<b>(\$1,311)</b>	<b>\$16,290</b>
9 Blind Employee Wages (# of employees)		\$0	\$0
10 Disabled Employee Wages (# of Employees)		\$0	\$0
11 Other Employee Wages (# of Employees)	\$5,600	\$0	\$5,600
12 Payroll Taxes	\$740	(\$295)	\$445
13 Workers Comp. Insurance - * must match line 43 (trainee hours)	\$385	\$0	\$385
14 Employee Benefits	\$438	\$0	\$438
15 <b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$7,163	<b>(\$295)</b>	<b>\$6,868</b>
16 Rent/Utilities	\$3,847	(\$26)	\$3,821
17 Telephone	\$210	(\$40)	\$170
18 Liability Insurance - * must match line 44	\$327	\$2	\$329
19 Laundry/Janitorial Services	\$60	(\$60)	\$0
20 Supplies	\$0	\$0	\$0
21 Accounting Services	\$140	\$0	\$140
22 Pest Control/Trash Disposal	\$34	\$0	\$34
23 Other Expenses (itemize)	\$235	(\$100)	\$135
24-6 (bank charges/merchant services and alarm system)			
27 <b>Total Operating Expenses (add lines 16 thru 26)</b>	\$4,853	<b>(\$224)</b>	<b>\$4,629</b>
28 <b>Total Expenses (add lines 8 + 15 + 27)</b>	\$29,617	<b>(\$1,830)</b>	<b>\$27,787</b>
29 <b>Profit from Operations (line 3 less line 28)</b>	\$12,180	<b>\$2,115</b>	<b>\$14,295</b>
30 Subsidies and Training Revenue		\$0	\$0
31 Vending Machine Commissions		\$0	\$0
32 Income from Services		\$0	\$0
33 <b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34 <b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$12,180	<b>\$2,115</b>	<b>\$14,295</b>
35 Fee from Fee Schedule (use line 34)	\$5,968	\$994	\$6,962
36 Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,508	\$17	\$2,525
37 Fee without Disabled Credit (lesser of line 35 or 36)	\$2,508	\$17	\$2,525
38 Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39 Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,508	\$17	\$2,525
40 <b>Net Income (line 34 less 39)</b>	\$9,672	<b>\$2,098</b>	<b>\$11,770</b>
41 Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 6.88</b>	\$385	\$0	\$385
42 Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43 Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$385	\$0	\$385
44 Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$327	\$2	\$329
45 <b>Total Remitted</b>	\$3,220	<b>\$19</b>	<b>\$3,239</b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: July, 2007

Description	*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1 Gross Receipts (incl. Sales tax)	\$45,156	\$311	\$45,467
2 States Sales Tax	\$655	\$0	\$655
3 <b>Net Sales (line 1 less line 2)</b>	\$44,501	<b>\$311</b>	<b>\$44,812</b>
4 Opening Merchandise Inventory	\$3,500	\$1,311	\$4,811
5 MERCHANDISE PURCHASES	\$18,581	\$0	\$18,581
6 Merchandise Available for Sale (add lines 4 + 5)	\$22,081	\$1,311	\$23,392
7 Closing Merchandise Inventory	\$3,500	\$0	\$3,500
8 <b>Cost of Goods Sold (line 6 less line 7)</b>	\$18,581	<b>\$1,311</b>	<b>\$19,892</b>
9 Blind Employee Wages (# of employees)		\$0	\$0
10 Disabled Employee Wages (# of Employees)		\$0	\$0
11 Other Employee Wages (# of Employees)	\$4,800	\$0	\$4,800
12 Payroll Taxes	\$634	(\$267)	\$367
13 Workers Comp. Insurance - * must match line 43 (trainee hours)	\$330	\$0	\$330
14 Employee Benefits	\$438	\$0	\$438
15 <b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$6,202	<b>(\$267)</b>	<b>\$5,935</b>
16 Rent/Utilities	\$4,087	\$0	\$4,087
17 Telephone	\$180	\$0	\$180
18 Liability Insurance - * must match line 44	\$347	\$2	\$349
19 Laundry/Janitorial Services	\$60	(\$60)	\$0
20 Supplies	\$0	\$0	\$0
21 Accounting Services	\$140	\$0	\$140
22 Pest Control/Trash Disposal	\$34	\$0	\$34
23 Other Expenses (itemize)	\$540	(\$100)	\$440
24-6 (bank charges/merchant services and alarm system)			
27 <b>Total Operating Expenses (add lines 16 thru 26)</b>	\$5,388	<b>(\$158)</b>	<b>\$5,230</b>
28 <b>Total Expenses (add lines 8 + 15 + 27)</b>	\$30,171	<b>\$886</b>	<b>\$31,057</b>
29 <b>Profit from Operations (line 3 less line 28)</b>	\$14,330	<b>(\$575)</b>	<b>\$13,755</b>
30 Subsidies and Training Revenue		\$0	\$0
31 Vending Machine Commissions		\$0	\$0
32 Income from Services		\$0	\$0
33 <b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34 <b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$14,330	<b>(\$575)</b>	<b>\$13,755</b>
35 Fee from Fee Schedule (use line 34)	\$7,022	\$371	\$7,393
36 Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,670	\$19	\$2,689
37 Fee without Disabled Credit (lesser of line 35 or 36)	\$2,670	\$19	\$2,689
38 Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39 Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,670	\$19	\$2,689
40 <b>Net Income (line 34 less 39)</b>	\$11,660	<b>(\$594)</b>	<b>\$11,066</b>
41 Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 6.88</b>	\$330	\$0	\$330
42 Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43 Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$330	\$0	\$330
44 Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$347	\$2	\$349
45 <b>Total Remitted</b>	\$3,347	<b>\$21</b>	<b>\$3,368</b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: August, 2007

Description	*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1 Gross Receipts (incl. Sales tax)	\$47,907	\$293	\$48,200
2 States Sales Tax	\$684	\$0	\$684
3 <b>Net Sales (line 1 less line 2)</b>	\$47,223	<b>\$293</b>	<b>\$47,516</b>
4 Opening Merchandise Inventory	\$3,500	\$0	\$3,500
5 MERCHANDISE PURCHASES	\$23,143	\$0	\$23,143
6 Merchandise Available for Sale (add lines 4 + 5)	\$26,643	\$0	\$26,643
7 Closing Merchandise Inventory	\$3,500	\$0	\$3,500
8 <b>Cost of Goods Sold (line 6 less line 7)</b>	\$23,143	<b>\$0</b>	<b>\$23,143</b>
9 Blind Employee Wages (# of employees)		\$0	\$0
10 Disabled Employee Wages (# of Employees)		\$0	\$0
11 Other Employee Wages (# of Employees)	\$6,000	\$0	\$6,000
12 Payroll Taxes	\$793	(\$334)	\$459
13 Workers Comp. Insurance - * must match line 43 (trainee hours)	\$330	\$0	\$330
14 Employee Benefits	\$438	\$0	\$438
15 <b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$7,561	<b>(\$334)</b>	<b>\$7,227</b>
16 Rent/Utilities	\$4,329	\$0	\$4,329
17 Telephone	\$160	\$0	\$160
18 Liability Insurance - * must match line 44	\$367	\$2	\$369
19 Laundry/Janitorial Services	\$60	(\$60)	\$0
20 Supplies	\$0	\$0	\$0
21 Accounting Services	\$140	\$0	\$140
22 Pest Control/Trash Disposal	\$34	\$0	\$34
23 Other Expenses (itemize)	\$279	(\$100)	\$179
24-6 (bank charges/merchant services and alarm system)			
27 <b>Total Operating Expenses (add lines 16 thru 26)</b>	\$5,369	<b>(\$158)</b>	<b>\$5,211</b>
28 <b>Total Expenses (add lines 8 + 15 + 27)</b>	\$36,073	<b>(\$492)</b>	<b>\$35,581</b>
29 <b>Profit from Operations (line 3 less line 28)</b>	\$11,150	<b>\$785</b>	<b>\$11,935</b>
30 Subsidies and Training Revenue		\$0	\$0
31 Vending Machine Commissions		\$0	\$0
32 Income from Services		\$0	\$0
33 <b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34 <b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$11,150	<b>\$785</b>	<b>\$11,935</b>
35 Fee from Fee Schedule (use line 34)	\$5,464	\$226	\$5,690
36 Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,833	\$18	\$2,851
37 Fee without Disabled Credit (lesser of line 35 or 36)	\$2,833	\$18	\$2,851
38 Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39 Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,833	\$18	\$2,851
40 <b>Net Income (line 34 less 39)</b>	\$8,317	<b>\$767</b>	<b>\$9,084</b>
41 Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 5.50</b>	\$413	(\$83)	\$330
42 Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43 Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$330	\$0	\$330
44 Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$367	\$2	\$369
45 <b>Total Remitted</b>	\$3,530	<b>\$20</b>	<b>\$3,550</b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: September, 2007

Description	*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1 Gross Receipts (incl. Sales tax)	\$37,495	\$2,055	\$39,550
2 States Sales Tax	\$529	(\$3)	\$526
3 <b>Net Sales (line 1 less line 2)</b>	\$36,966	<b>\$2,058</b>	<b>\$39,024</b>
4 Opening Merchandise Inventory	\$3,500	\$0	\$3,500
5 MERCHANDISE PURCHASES	\$18,019	\$0	\$18,019
6 Merchandise Available for Sale (add lines 4 + 5)	\$21,519	\$0	\$21,519
7 Closing Merchandise Inventory	\$3,500	\$0	\$3,500
8 <b>Cost of Goods Sold (line 6 less line 7)</b>	\$18,019	<b>\$0</b>	<b>\$18,019</b>
9 Blind Employee Wages (# of employees)		\$0	\$0
10 Disabled Employee Wages (# of Employees)		\$0	\$0
11 Other Employee Wages (# of Employees)	\$5,175	\$0	\$5,175
12 Payroll Taxes	\$684	(\$265)	\$419
13 Workers Comp. Insurance - * must match line 43 (trainee hours)	\$285	\$0	\$285
14 Employee Benefits	\$438	\$0	\$438
15 <b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$6,582	<b>(\$265)</b>	<b>\$6,317</b>
16 Rent/Utilities	\$3,418	\$0	\$3,418
17 Telephone	\$182	\$0	\$182
18 Liability Insurance - * must match line 44	\$291	\$15	\$306
19 Laundry/Janitorial Services	\$60	(\$60)	\$0
20 Supplies	\$0	\$0	\$0
21 Accounting Services	\$140	\$0	\$140
22 Pest Control/Trash Disposal	\$34	\$0	\$34
23 Other Expenses (itemize)	\$279	(\$100)	\$179
24-6 (bank charges/merchant services and alarm system)			
27 <b>Total Operating Expenses (add lines 16 thru 26)</b>	\$4,404	<b>(\$145)</b>	<b>\$4,259</b>
28 <b>Total Expenses (add lines 8 + 15 + 27)</b>	\$29,005	<b>(\$410)</b>	<b>\$28,595</b>
29 <b>Profit from Operations (line 3 less line 28)</b>	\$7,961	<b>\$2,468</b>	<b>\$10,429</b>
30 Subsidies and Training Revenue		\$0	\$0
31 Vending Machine Commissions		\$0	\$0
32 Income from Services		\$0	\$0
33 <b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34 <b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$7,961	<b>\$2,468</b>	<b>\$10,429</b>
35 Fee from Fee Schedule (use line 34)	\$3,901	\$1,405	\$5,306
36 Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,218	\$123	\$2,341
37 Fee without Disabled Credit (lesser of line 35 or 36)	\$2,218	\$123	\$2,341
38 Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39 Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,218	\$123	\$2,341
40 <b>Net Income (line 34 less 39)</b>	\$5,743	<b>\$2,345</b>	<b>\$8,088</b>
41 Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 5.50</b>	\$285	(\$0)	\$285
42 Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43 Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$285	(\$0)	\$285
44 Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$291	\$15	\$306
45 <b>Total Remitted</b>	\$2,794	<b><u>\$138</u></b>	<b>\$2,932</b>

\* Data obtained from BEP Vendor Financial System (BEF)

## Schedule of Audited Monthly Operating Report

BEP Vendor (IVB3.74-1090)

Location #6-247

Month: October, 2007

Description		*MOR(BEF) 581AA/ 583AA	Audit Adjustment	Audited Amount
1	Gross Receipts (incl. Sales tax)	\$44,865	\$228	\$45,093
2	States Sales Tax	\$609	\$30	\$639
3	<b>Net Sales (line 1 less line 2)</b>	\$44,256	<b>\$198</b>	<b>\$44,454</b>
4	Opening Merchandise Inventory	\$3,500	\$0	\$3,500
5	MERCHANDISE PURCHASES	\$20,429	\$0	\$20,429
6	Merchandise Available for Sale (add lines 4 + 5)	\$23,929	\$0	\$23,929
7	Closing Merchandise Inventory	\$3,500	\$0	\$3,500
8	<b>Cost of Goods Sold (line 6 less line 7)</b>	\$20,429	<b>\$0</b>	<b>\$20,429</b>
9	Blind Employee Wages (# of employees)		\$0	\$0
10	Disabled Employee Wages (# of Employees)		\$0	\$0
11	Other Employee Wages (# of Employees)	\$5,550	\$0	\$5,550
12	Payroll Taxes	\$733	(\$263)	\$470
13	Workers Comp. Insurance - * must match line 43 (trainee hours)	\$305	\$0	\$305
14	Employee Benefits	\$438	\$0	\$438
15	<b>Total Payroll Expenses (add lines 9 thru 14)</b>	\$7,026	<b>(\$263)</b>	<b>\$6,763</b>
16	Rent/Utilities	\$4,065	\$0	\$4,065
17	Telephone	\$187	\$0	\$187
18	Liability Insurance - * must match line 44	\$345	\$2	\$347
19	Laundry/Janitorial Services	\$60	(\$60)	\$0
20	Supplies	\$0	\$0	\$0
21	Accounting Services	\$140	\$0	\$140
22	Pest Control/Trash Disposal	\$34	\$0	\$34
23	Other Expenses (itemize)	\$274	(\$100)	\$174
24-6	(bank charges/merchant services and alarm system)			
27	<b>Total Operating Expenses (add lines 16 thru 26)</b>	\$5,105	<b>(\$158)</b>	<b>\$4,947</b>
28	<b>Total Expenses (add lines 8 + 15 + 27)</b>	\$32,560	<b>(\$421)</b>	<b>\$32,139</b>
29	<b>Profit from Operations (line 3 less line 28)</b>	\$11,696	<b>\$619</b>	<b>\$12,315</b>
30	Subsidies and Training Revenue		\$0	\$0
31	Vending Machine Commissions		\$0	\$0
32	Income from Services		\$0	\$0
33	<b>Total Other Income (add lines 30 thru 32)</b>	\$0	<b>\$0</b>	<b>\$0</b>
34	<b>Net Proceeds Subject to Fees (add lines 29 + 33)</b>	\$11,696	<b>\$619</b>	<b>\$12,315</b>
35	Fee from Fee Schedule (use line 34)	\$5,731	\$647	\$6,378
36	Maximum Fee (lines 3 + 33 = \$ 0.00 X 6%)	\$2,655	\$12	\$2,667
37	Fee without Disabled Credit (lesser of line 35 or 36)	\$2,655	\$12	\$2,667
38	Adjustment for Disabled Credit (10% of line 9 + 10)	\$0	\$0	\$0
39	Fee to Vending Facility Trust Fund (line 37 less 38)	\$2,655	\$12	\$2,667
40	<b>Net Income (line 34 less 39)</b>	\$9,041	<b>\$607</b>	<b>\$9,648</b>
41	Workers Comp. Insurance Gross Wages 0.00% (\$ 0.00 [total lines 9, 10, & 11] X Rate) <b>Rate = 5.50</b>	\$305	\$0	\$305
42	Workers Comp. Insurance Overtime Wages Credit (\$ X Rate) 0.000%		\$0	\$0
43	Net Workers Comp. Insurance Payment (line 41 less 42) * also enter on line 13	\$305	\$0	\$305
44	Liability Insurance Payment 0.000% (line 3/1,000 X Rate + Base) * also enter on line 18	\$345	\$2	\$347
45	<b>Total Remitted</b>	\$3,305	<b>\$14</b>	<b>\$3,319</b>

\* Data obtained from BEP Vendor Financial System (BEF)